Public Works and Government Services Canada

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2011–12

DEPARTMENTAL PERFORMANCE REPORT

Rona Ambrose, P.C., M.P.
Minister of Public Works and Government Services and
Minister for Status of Women

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Canadian Forces Chinook Helicopter Photo by Corporal James Nightingale

Minister's Message

I am pleased to present Public Works and Government Services Canada's (PWGSC) *2011-12 Departmental Performance Report* for the period ending March 31, 2012.

This report describes a particularly productive year for PWGSC. One of the department's key successes was the implementation of the National Shipbuilding Procurement Strategy (NSPS). In 2011, the NSPS Secretariat announced the selection of two Canadian shipyards to build 28 large combat and non-combat vessels. The work is valued at $33 billion, the largest procurement arrangement in Canadian history. The process that was implemented by PWGSC has set the standard for fair, open, competitive and transparent procurement, which has been widely acknowledged. Our work on the NSPS was recognized through a 2012 Public Service Award of Excellence, as well as the 2012 bronze award for Innovative Management from the Institute of Public Administration of Canada. Another success story is the department's Canadian Innovation Commercialization Program, which has helped Canadian businesses demonstrate their innovative products and services by helping to meet the needs identified by federal departments and agencies.

We have also advanced work on the renovation of Canada's historic Parliament Buildings. I am proud to report that the plan for the rehabilitation of the buildings in the Parliamentary Precinct remains on time and on budget, including the work on the East and West Blocks, as well as the Sir John A. MacDonald building.

Over the course of the past fiscal year, the department has also made significant progress regarding the modernization of pay and pension services. As part of the Government of Canada's overall initiative to increase the effectiveness of public service operations and eliminate unnecessary costs, PWGSC is consolidating pay administration services for public servants into a single pay centre to be located in Miramichi, New Brunswick. The initiative, which also consists of replacing the government's outdated 40-year-old pay system with more efficient and modern technology, will generate millions in annual savings.

Most importantly, our Government is committed to creating jobs and stimulating the economy, while upholding fiscal prudence and ensuring that taxpayers' dollars are used as efficiently and effectively as possible. At PWGSC, we are contributing to those objectives through innovative services and technology, sound stewardship of public infrastructure, and a focus on the key priorities outlined in this document, and we are doing so while fully supporting all employees who may be affected by the implementation of these initiatives.

This has truly been a successful year for the department. PWGSC is proud to have been named both one of the National Capital Region's Top Employers, and one of Canada's Best Diversity Employers, in this year alone. I welcome the opportunity to work with such dedicated employees, as we continue to build on the accomplishments described in this report.

Rona Ambrose, P.C., M.P.
Minister of Public Works and Government Services and Minister for Status of Women

Section I: Organization Overview

Raison d'être

Public Works and Government Services Canada (PWGSC) plays an important role in the daily operations of the Government of Canada. We are its principal banker, accountant, central purchasing agent, linguistic authority, and real property manager and enabler of access to government services online.

Our vision is to excel in government operations, and our mission is to deliver high-quality services and programs that meet the needs of federal organizations and ensure sound stewardship on behalf of Canadians.

Responsibilities

The Department, founded in 1841, was instrumental in the building of our nation's canals, roads and bridges, the Houses of Parliament, post offices and federal buildings across the country.

Today, we have evolved into a sophisticated operational arm of government that employs over 12,200 staff working in the National Capital Area and offices in Halifax, Montreal, Toronto, Edmonton and Vancouver and other locations throughout the regions.

The *Department of Public Works and Government Services Act*, passed in 1996, established the Department and set out the legal authorities for PWGSC's services. The Act established PWGSC as a common service organization providing government departments, boards and agencies with support services for their programs, including:

- Procurement;
- Office accommodation and facilities;
- Architectural and engineering services;
- Construction, maintenance and repair of public works and federal real property;
- Linguistic authority; and
- Industrial security screening.

The Minister of PWGSC serves as the Receiver General for Canada and has the authority for the administration of services related to benefits, superannuation, pension plans, and the disbursement of pay to federal employees. The Minister is also responsible for maintaining the Public Accounts of Canada.

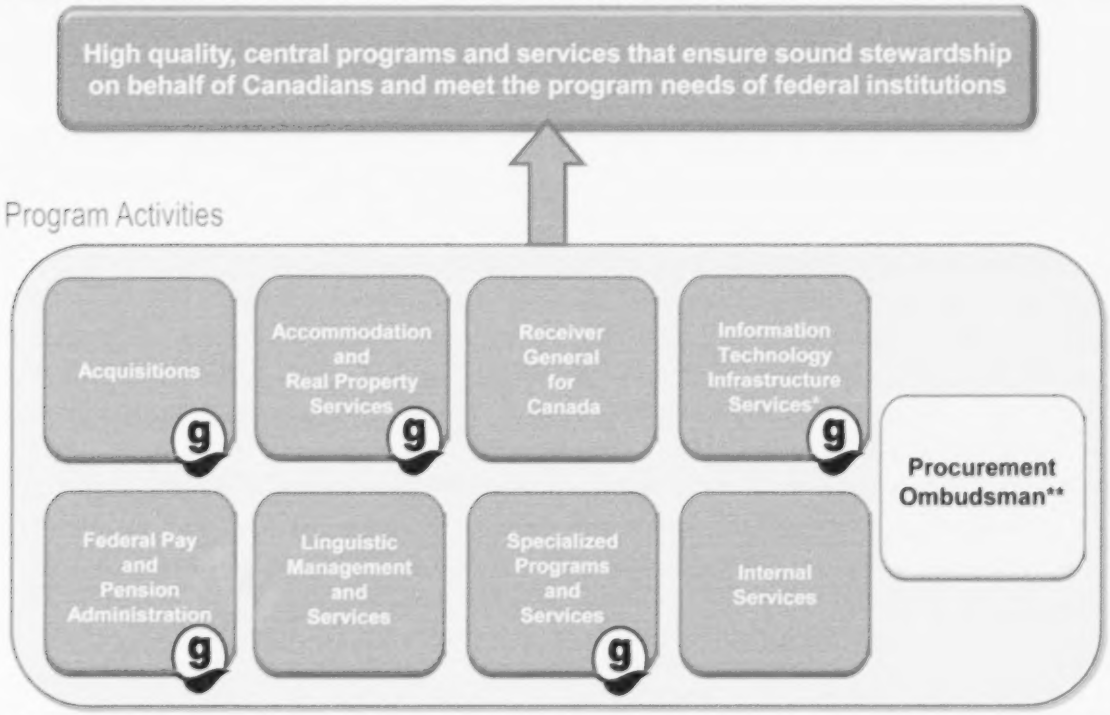
Our goal is to manage our business in a way that strengthens accountability, transparency, and adds value for the government and Canadians. In doing so, PWGSC:

- Undertakes over $14 billion annually in government procurement;
- Issues more than 14.2 million federal pay and pension payments;
- Provides accommodation to parliamentarians and approximately 270,455 public servants in 1,819 locations across Canada;
- Provides translation and interpretation services, annually, for more than 1,500 parliamentary sittings and parliamentary committee meetings, and translates more than 1.5 million pages of text on behalf of other federal organizations; and
- Handles over $2 trillion in cash flow transactions as the Receiver General for Canada.

Strategic Outcome and Program Activity Architecture

PWGSC's Program Activity Architecture (PAA), as approved by the Treasury Board, supports our strategic outcome of providing high-quality, central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions. The following table lists the program activities that comprise PWGSC's PAA.

Strategic Outcome


High quality, central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions
Program Activities
Acquisitions
Accommodation and Real Property Services
Receiver General for Canada
Information Technology Infrastructure Services*
Procurement Ombudsman**
Federal Pay and Pension Administration
Linguistic Management and Services
Specialized Programs and Services
Internal Services

* The creation of Shared Services Canada was announced in August, 2011. That organization now carries out those activities which were previously the responsibility of PWGSC.

** Although it is a program activity of Public Works and Government Services, the Office of the Procurement Ombudsman is required to operate in an impartial and independent manner. The details of its operations and performance results are provided in the Procurement Ombudsman's annual report, which is tabled in each House of Parliament by the Minister of Public Works and Government Services following the fiscal year in accordance with legislative requirements.

Note: The visual identifier (g) denotes areas of contribution to the Federal Sustainable Development Strategy (FSDS).

Client Service Strategy

In spring 2010, PWGSC introduced a new department-wide Client Service Strategy to enable a consistent, disciplined approach to client service, focused in its first phase on improving relations with client departments. The strategy is part of a broader Service Renewal initiative being pursued by PWGSC which includes the transformation of pay and pension administration, procurement and real property modernization, workplace renewal, and the enhancement of the Industrial Security Program.

In 2011-12, PWGSC implemented core components of the Client Service Strategy's integrated action plan. Among these, PWGSC:

- signed 10 Departmental Service Agreements with various client departments;
- published the first annual consolidated booklet *Our Services and Standards* outlining main services and associated standards;
- developed a personalized, *"single window"* approach to streamline access to PWGSC services for small departments and agencies;
- piloted a Client Engagement Framework to promote greater integration between business lines;
- adopted a Client Barometer to measure and monitor client satisfaction;
- launched a Client Service Award for employees, developed a departmental Client Service Competency tool and a tailored client service course; and
- launched a monthly bulletin to provide updates on the Client Service Strategy to employees.

Organizational Priorities

Priority: Procurement Modernization	**Type:** Ongoing	**Strategic Outcome(s) and/or Program Activity(ies):** Acquisitions
PWGSC has improved processes for complex and higher risk procurements through lessons learned from the successful implementation of the National Shipbuilding Procurement Strategy (NSPS). Lessons learned to be applied to other major procurements include early engagement with industry, the use of independent third parties to support the decision-making process, and a robust governance structure to oversee key decisions. PWGSC continued to modernize the Government Electronic Tendering System and further automate its tender and bid solicitation services and information. As well, stakeholder access to procurement information has improved over the last year due in part to initiatives such as the buyandsell.gc.ca web site, and the National Strategies for Goods and Services. PWGSC continued to strengthen its relationships with suppliers enabling the department to address areas of concern quickly and support a number of initiatives to make it easier and more cost effective for Small and Medium Enterprises to do business with the Government of Canada. This has led to the development and modification of supply arrangements and enhancements to the supplier portal, making government requirements for goods and services more accessible to Small and Medium Size Enterprises, while reducing the cost of doing business with the government. PWGSC has also continued to streamline its procurement processes to effectively manage less complex and low risk procurements. This has resulted in shorter procurement times, a better balancing and management of risk, and a significant reduction in delays without compromising the underlining principles of fairness, openness and transparency. Over the last year, PWGSC has put in place standard procurement definitions for commonly used products (i.e. clothing and textiles), higher levels of delegated authorities and a range of self-service instruments to client departments and agencies, and information and training modules to encourage client departments and agencies to use their delegated authorities for low dollar value and low risk procurements.		

Priority: Real Property Modernization	**Type:** Ongoing	**Strategic Outcome(s) and/or Program Activity(ies):** Accommodation and Real Property Services
PWGSC continued to modernize its real property business by employing best-in-class management practices in all areas of its business. Leading the Workplace 2.0 Initiative for the Government of Canada, we continued to modernize federal workspaces to be smarter, greener and provide better value to taxpayers by applying innovative work environment solutions. The department continued to improve its performance measurement through the Integrated Management Reporting System (IMRS), which supported greater data accuracy and improved project forecasting. PWGSC also strengthened stakeholder relationships by adopting a client engagement model that highlights a pro-active, client-focused approach to service delivery while improving service responsiveness and enhancing the department's role as trusted advisor. PWGSC used lessons learned from the Accelerated Infrastructure Program (AIP) to support the delivery of the five-year program of work for Correctional Service Canada (CSC).		

Priority: Greening of Government Operations	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Specialized Programs and Services

In 2011-12, the Office of Greening Government Operations worked closely with the 27 government departments that are subject to targets under Theme IV of the 2010 Federal Sustainable Development Strategy (FSDS) to support the achievement of targets and the reporting of performance. Theme IV, which focuses on shrinking the federal government's environmental footprint, includes 11 targets that can be clustered into three broad categories: green buildings, greenhouse gas emissions, and green office (surplus electric and electronic equipment, printing units, paper consumption, green meetings, and green procurement). By March 31, 2012, 95% of PWGSC's 2011-12 Sustainable Development Strategy Commitments were completed or on track. Detailed results are presented in the Section III supplementary Greening Government Operations Table: http://www.tpsgc-pwgsc.gc.ca/rapports-reports/rmr-dpr/2011-2012/index-eng.html. PWGSC has also made significant progress in researching and developing the next FSDS, to be tabled in 2013.

Priority: Parliamentary Precinct Project (Long-Term Vision and Plan)	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Accommodation and Real Property Services

PWGSC continued to develop and implement its Long Term Vision and Plan (LTVP) projects, on-time, on-scope and on-budget, with rehabilitation work focused primarily on the Wellington Building, the Sir John A. Macdonald Building (formerly the Bank of Montreal) and the West Block. By March 31, 2012, interior demolition, abatement and seismic work were 80% completed for the Wellington Building and 70% completed for the West Block. Both buildings exceeded their targets for recycling clean waste materials by at least 5%, and both projects are on time and on budget. The masonry rehabilitation of the West Block's Southeast and North Towers was completed. The concept design was approved for the Sir John A. Macdonald Building and various stabilization projects continued on the Centre Block, the East Block and the Confederation Building. As well, PWGSC completed the removal of the Federal Court Annex.

Priority: Information Technology Shared Services	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Information Technology Infrastructure Services

Effective August 4, 2011, Shared Services Canada (SSC) was created as a new department, pursuant to s. 31.1 of the *Financial Administration Act* and Order-in-Council PC Number: 2011-0877.

As a result, Public Works and Government Services Canada (PWGSC) transferred to SSC the accountability of operational domains related to IT Shared Services (ITSS) for email, data centres and network services, including telecommunications for voice and data along with the associated funding.

Priority: Transformation of Pension Administration	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Federal Pay and Pension Administration

In 2011-12, PWGSC implemented the core pension system (Penfax) in two separate releases. The centralization of pension services from departments to the PWGSC Pension Centre in Shediac, N.B. was completed in 2011. This included pension benefit entitlements, survivor pension entitlements, leave without pay and employer support services.

The Transformation of Pension has already enabled work reduction equivalent to approximately 475 FTEs in the departments, realizing $23M of the $29M in cost reductions projected for 2016-17.

The implementation date for web-based self-service for active members (PenWeb) was July 2012.

Priority: Transformation of Pay Administration	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Federal Pay and Pension Administration

An analysis to evaluate the proposed new pay solution against the Government of Canada pay requirements was completed, System deployment is still on schedule for 2015.

As of March 2012, 135 employees were hired and being trained in the new Public Service Pay Centre in Miramichi, N.B. as planned. The gradual transfer of pay administration services from other departments continues on schedule for 2015.

Priority: Linguistic Services Renewal	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Linguistic Management and Services

In 2011-12, PWGSC's Translation Bureau collected and analysed data to have an overview of its operational context in order to review its current processes and work methods to ensure maximum efficiency and effectiveness in federal departments and agencies. In fact, it implemented the toolkit initiative in order to become more effective and increase its cost-effectiveness by maximizing technological investments to facilitate the work of its employees, save time and improve the quality of services to its clients.

Priority:	Type:	Strategic Outcome(s) and/or Program Activity(ies):
Industrial Security Program	Ongoing	Specialized Programs and Services

PWGSC worked with clients and partners to ensure that controlled goods are protected against unauthorized possession, examination or transfer when in custody of the private sector. The department implemented the Enhanced Security Strategy (ESS) to address security gaps identified in threat risk assessments, and to respond to new dual national rules under the United States International Traffic in Arms Regulations (ITAR), and a new system put in place whereby all new applicants and renewals are assessed based on a risk matrix. PWGSC worked closely with government and industry stakeholders to implement the first phase of the ESS.

The department processed approximately 110,000 Personnel Security Screening applications, reviewed an estimated 3,000 contract security clauses and registered 2,600 additional companies into its program. As of March 31, 2012, an estimated total of 13,000 companies were registered into the program, resulting in a 30% increase in registrations over the last two years.

Priority:	Type:	Strategic Outcome(s) and/or Program Activity(ies):
HR Renewal	Ongoing	Internal Services

PWGSC continued to advance its human resources (HR) agenda and renewal, in accordance with the priorities of the eighteenth report of the Clerk of the Privy Council, focussing on engaging employees in the excellence agenda, renewing the workforce and the workplace. As a result of a sustained focus on HR management, PWGSC was recognized as one of the National Capital Region's top employers, and one of Canada's best diversity employers in 2011-12.

Engaging Employees in the Excellence Agenda

PWGSC implemented an array of tools to promote engagement of its workforce, including the On-Boarding and Orientation Program for new employees and the toolkit for workload management. The department also used the release of the 2011 Public Service Employee Survey (PSES) results as an opportunity to address workplace and workforce challenges.

Renewing the Workforce

Workforce management remained a central departmental concern, particularly in a context of expenditure reductions. With carefully thought-out and well-planned measures and the leadership of its senior managers, PWGSC successfully placed 95% of its affected employees in 2011-12.

Renewing the Workplace

To continue maintaining a healthy, supportive work environment based on respect and collaboration, PWGSC developed a Code of Conduct adapted to its mandate and operating environment. This code is based on the Values and Ethics Code for the Public Sector and was launched at the beginning of the 2012-13 fiscal year. The Department also continued to modernize its HR infrastructure, and major advances were made in the implementation of common human resources processes.

Priority:	Type:	Strategic Outcome(s) and/or Program Activity(ies):
Improved Financial Management	Ongoing	Internal Services

In 2011-12, PWGSC achieved robust financial management by focusing its efforts in three key areas:

1) Enhancing integrity of financial information;
2) Strengthening internal controls; and
3) Implementing a Budget Management Excellence Framework.

Enhancing Integrity of Financial Information:

In 2011-12, PWGSC leveraged its new technology to enhance the Department's Financial and Materiel Management System. This resulted in strengthened financial capacity and controls, optimized financial decisions, and more efficient and effective reporting. The Department is optimizing its investments in technology by providing system services to other Government Departments and therefore reducing costs for the Government of Canada.

Strengthening Internal Controls:

In 2011-12 PWGSC made significant advancements in strengthening its Internal Controls over Financial Reporting (ICFR) to ensure that financial information continues to be reliable. The ICFR initiative is well underway and the majority of processes and controls are now documented and assessed. The ICFR initiative is expected to reach maturity by the end of fiscal 2013-14.

Implementing the Budget Management Excellence (BME) Framework:

During this past year, the BME initiative has allowed the department to achieve marked improvements in financial management planning and reporting which resulted in strengthened financial accountabilities and robust financial results. As a result of the BME initiative, PWGSC significantly improved its forecasting and expenditure management performance.

Priority: IT Modernization	Type: Ongoing	Strategic Outcome(s) and/or Program Activity(ies): Internal Services
The department made major progress in 2011-12 in the application of Information Technology and Information Management, including: Initiating a program to replace current tower-based desktops with a modern, notebook architecture resulting in greater standardization, improved reliability, enhanced and more efficient services and a reduction in lifecycle computer costs. In addition, the complementary development and approval of a wireless access infrastructure program in 2011-12 will facilitate PWGSC employee mobility in the Place du Portage complex, while moving the department towards greener meetings. Furthermore, IT asset portfolio reviews in fiscal year 2011-12, reduced the number of supported business applications by more than 20%, promoting further efficiencies through standardization while decreasing risks. In order to help PWGSC evolve towards, and reap the benefits of a modern digital office, a risk-based Enterprise Information Management Strategy was established and approved.		

Risk Analysis

Public Works and Government Services Canada (PWGSC) continued to integrate risk management into business planning, decision-making and organizational processes. The Department successfully managed the internal and external risks in 2011-12, including those associated with the implementation of PWGSC's expenditure reduction measures.

In accordance with the TBS Framework for the Management of Risk and PWGSC Policy on Integrated Risk Management, we updated our 2009 Corporate Risk Profile (CRP) and identified risk owners at all levels of senior management. The 2011 CRP identified, assessed and developed appropriate risk response strategies for the following key risk areas:

- **Fiscal Restraint:** PWGSC's fiscal restraint initiatives were implemented in a timely and efficient manner, including a detailed human resource plan, and supported by regular communications from senior management, an approach which effectively mitigated the associated risks. The human resource impact was managed through the creation of a Human Resources Priority Placement Unit, and the development of customized strategies to address the circumstances of each affected employee. PWGSC's management of its human resources throughout this period has been recognized as exemplary, and a model for other departments. The implementation of fiscal restraint measures had no significant impact on the delivery of PWGSC's services, due in part to the implementation of the Department's Client Service Strategy, as described under Service Delivery Performance below.
- **Accountability:** The risk that PWGSC's reliance on third party vendors and clients could affect its ability to exercise its accountability was managed by developing MOUs and/or agreements with clients, ensuring consistency and clarity in describing roles, responsibilities and accountabilities. In addition, PWGSC strategically manages departmental procurement spending, risks and efficiencies through a procurement governance structure, led by a senior level committee and supported by procurement and investment review committees in large spend branches. This structure is complemented by a robust Contract Management Control Framework designed to ensure high quality, consistent and compliant contract administration.
- **Financial Sustainability:** In addition to the risk of managing the impact of fiscal restraint measures on departmental operations and services, PWGSC must manage the financial uncertainty that results from its role as a common service provider, and its significant dependency on revenue provided by client departments. Steps taken to ensure these risks are managed include a sound Financial Management Framework, and a risk-

based implementation plan that included more rigorous management of revenues, expenditures, forecasting and commitment monitoring.

- **Risk Culture:** PWGSC is fostering a risk-based decision making culture by increasing awareness throughout the Department; implementing the Integrated Risk Management (IRM) Policy; providing functional advice and guidance on risk management to departmental stakeholders, and enhancing the risk training and risk management tools for employees to better identify and manage risks. In addition, the Risk Management Directorate was relocated to reside in the same sector as the Strategic Planning function, thereby facilitating closer integration of risk management and business planning.
- **Service Delivery Performance:** Improvements in the consistency of service performance in a large and highly diverse department has been achieved through the implementation of PWGSC's Client Service Strategy, which has included the signing of Departmental Service Agreements with client organizations, enhanced client engagement, as well as the provision of clear service standards, a client "barometer" which measures client satisfaction, innovative service offerings, and the fostering of a client service culture throughout the department.
- **Management of Major Projects:** PWGSC's risk management approach to major projects includes the department's National Project Management System (NPMS), which provides the project management framework for Real Property Projects and IT-Enabled Projects. The NPMS framework defines key principles and provides the directives, roadmaps, deliverables and tools needed to successfully deliver projects on scope, on time and on budget. Other key risk management tools include the department's first Integrated Investment Plan, approved by Treasury Board in 2011; the implementation of tools such as a Project Complexity and Risk Assessment, and the application of lessons learned from successful major initiatives such as the National Shipbuilding Procurement Strategy.
- **Human Resource Renewal:** In order to ensure PWGSC maintains the skilled and dedicated bilingual workforce it needs to deliver its services, the Department has developed measures to support our ongoing efforts to be an employer of choice, including the PWGSC People Management Philosophy and its related commitments. PWGSC also implemented various HR strategies such as leadership development, talent management, and knowledge transfer, to develop the skills and competencies needed to lead the Department into the future.
- **Procurement:** One of PWGSC's key roles is to offer tools and support to other government departments to simplify and accelerate the acquisition of goods and services, and help maintain the integrity of the procurement process. To mitigate risk, we updated procurement processes and tools as needed, including the development of a procurement Complexity and Risk Assessment tool, and have moved forward with the development of expertise in specific commodities through the use of a team approach.

Summary of Performance

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	6,286.9	6,611.5	6,293.8
Less Respendable Revenue	(3,569.4)	(3,685.4)	(3,500.3)
Net Expenditures	2,717.5	2,926.1	2,793.5
Note: Respendable revenues are authorities from Parliament allowing departments to use certain revenues to finance related expenditures.			

Totals may not add up due to rounding

2011-12 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
14,244	12,229	(2,015)

Progress Toward Strategic Outcome

Strategic Outcome: Achieve high-quality, central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions.		
Performance Indicators	**Targets**	**2011-12 Performance**
Percentage of programs and services that meet their expected results, including service levels and published standards.	95%	Results: 96%.

Performance Summary, Excluding Internal Services

Program Activity (in millions of dollars)	2010-11 Actual Spending	2011-12 Main Estimates	2011-12 Planned Spending	2011-12 Total Authorities	2011-12 Actual Spending	Alignment to Government of Canada Outcome
Acquisitions	147.7	145.6	146.6	161.0	157.8	
Accommodation and Real Property Services	2,259.4	1,784.2	1,903.2	2,054.3	1,963.6	
Receiver General for Canada	119.8	128.7	128.6	125.7	123.1	
Information Technology Infrastructure Services	33.7	24.8	24.8	8.3	7.7	Well-managed and efficient government operations.
Federal Pay and Pension Administration	46.9	52.2	67.7	70.6	67.7	
Linguistic Management and Services	74.3	77.2	77.2	78.4	74.1	
Specialized Programs and Services	58.1	52.9	53.2	60.6	57.3	
Procurement Ombudsman	3.6	4.3	4.3	4.3	3.7	A transparent, accountable and responsive federal government.
TOTAL	**2,743.5**	**2,269.9**	**2,405.6**	**2,563.2**	**2,455.0**	

Totals may not add up due to rounding

Performance Summary for Internal Services

Program Activity	2010-11 Actual Spending	2011-12 Main Estimates	2011-12 Planned Spending	2011-12 Total Authorities	2011-12 Actual Spending
Internal Services	337.0	311.8	311.8	362.9	338.5
GRAND TOTAL	**3,080.5**	**2,581.7**	**2,717.4**	**2,926.1**	**2,793.5**
Note: Previous years actuals and authorities have been restated to reflect the transfer of activities from Specialized Programs and Services to Acquisitions, Accommodation and Real Property Services and Receiver General for Canada.					

Totals may not add up due to rounding

Gross expenditures include operating expenses charged against PWGSC's authorities, and such items as acquisitions of tangible capital assets and payments of lease obligations.

Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision making by articulating its key strategic environmental goals and targets. PWGSC ensures that consideration of these outcomes is an integral part of its decision making processes. PWGSC contributes to Theme IV of the FSDS: Shrinking the Environmental Footprint-Beginning with Government, as denoted by the following visual identifier and associated Program Activities.

- Acquisitions
- Accommodation and Real Property Services
- Information Technology Infrastructure Services
- Federal Pay and Pension Administration
- Specialized Programs and Services

Strategic Environmental Assessment

During 2011-12, PWGSC considered the environmental effects of initiatives subject to the *Cabinet Directive on Environmental Assessment of Policy, Plan and Program Proposals*. Two Strategic Environmental Assessment preliminary scans were completed for the two program proposals led by the Minister of PWGS. Since it was concluded that neither of these would generate important environmental effects, neither detailed scans nor public statements were required. Further, neither proposal had any impact (positive or negative) on Federal Sustainable Development Strategy (FSDS) themes. For complete information on the Cabinet Directive on Environmental Assessment of Policy, Plan and Program Proposals please visit the Canadian Environmental Assessment Agency website, http://www.ceaa.gc.ca/default.asp?lang=Eng&n=B3186435-1.

For further information on PWGSC activities to support sustainable development and strategic environmental assessments, please visit the departmental website, http://www.tpsgc-pwgsc.gc.ca/ecologisation-greening/publications/cntstrdv-cntsstdv-eng.html. For complete information on the FSDS, please visit the Environment Canada website, http://www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1.

Expenditure Profile

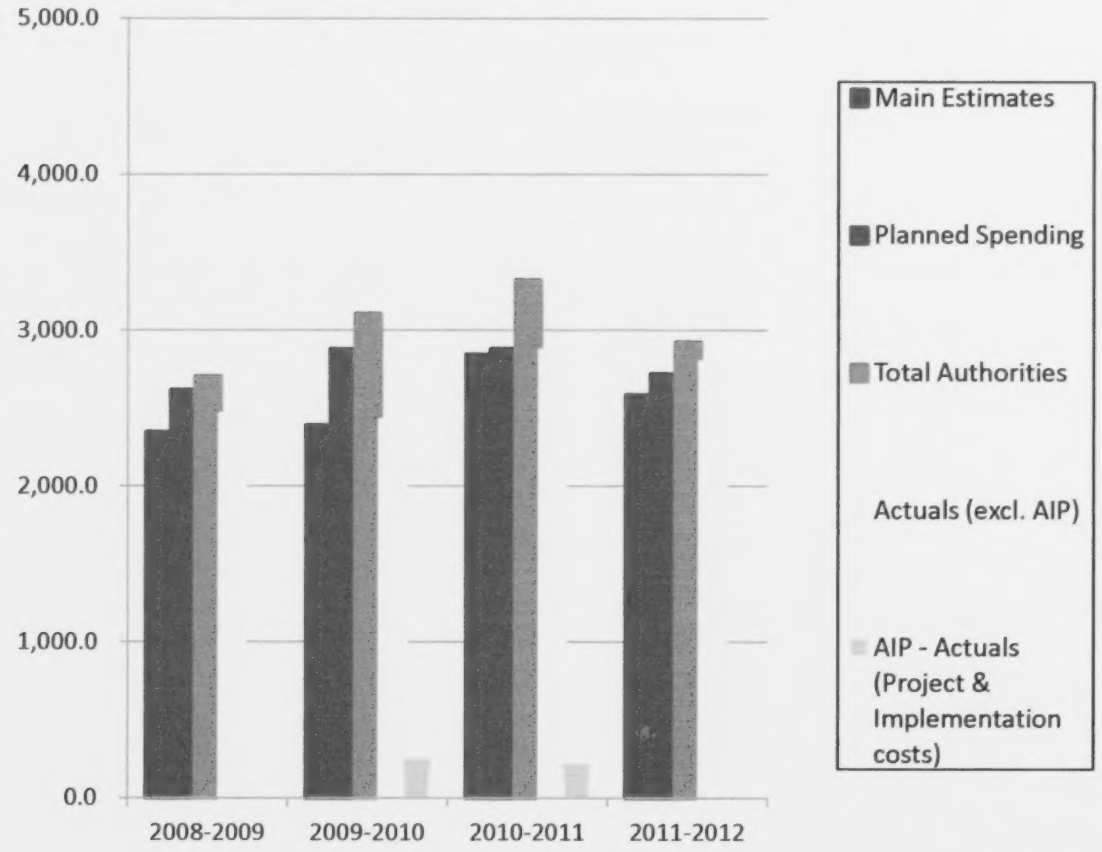
Main Estimates fluctuations are the result of the combined effect of new and expired funding for departmental initiatives. The significant budget increase in 2010-11 is explained by the infusion of funding for the Accelerated Infrastructure Program (AIP) as part of Federal Budget 2009, and in support of Canada's Economic Action Plan, business volume increases, inflationary pressures and market conditions. The subsequent budget decrease in 2011-12 is due primarily to the completion of the AIP project, a reduction in funding for the Engineering Assets program and the Alexandra Bridge project, as well as a temporary funding decrease for the Parliamentary buildings rehabilitation initiative. These decreases were offset by new funding for the Canadian Innovation Commercialization Program (CICP) and funding for inflationary and non-discretionary utilities, municipal taxes and rental rate pressures.

The column labelled "Planned Spending" represents Main Estimates, funds earmarked in the fiscal framework for PWGSC initiatives approved after Main Estimates were tabled in Parliament, and related Federal Budget announcements. Planned Spending results in "Total Authorities" once Treasury Board submissions and other transfers are approved.

The principal reason for the 2011-12 variance of $132.6 million between Total Authorities and Actual Spending is related to Real Property project implementation delays and operational adjustments. The spending decrease was caused by uncontrollable and unpredictable factors, such as commodity price fluctuations, real estate volatility and unpredictable weather conditions. All of the aforementioned factors impact the delivery of Real Property rehabilitation and capital investment projects, resulting in the transfer of unspent funding to future years.

As a result of new and ongoing fiscal restraint measures, PWGSC continues to generate operational efficiencies and expenditure reductions. These savings are reallocated to departmental operational and project priorities, enabling PWGSC to continue to operate effectively in a period of fiscal restraint.

PWGSC Spending Trend (in millions of dollars)



Estimates by Vote

For information on PWGSC's organizational Votes and/or statutory expenditures, please see the Public Accounts of Canada 2012 (Volume II). An electronic version of the Public Accounts of Canada 2012 is available on the Public Works and Government Services Canada's website: http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

PWGSC's strategic outcome is to achieve high-quality, central programs and services that ensure sound stewardship on behalf of Canadians and meet the program needs of federal institutions.

Program Activities

The following section describes PWGSC's program activities and planning highlights that support our strategic outcome. It also includes an overview of the financial and human resources, the expected results, the performance indicators and targets for each program activity. Additional information is available on our departmental website at www.pwgsc-tpsgc.gc.ca.

Program Activity No. 1: Acquisitions

This program activity shows Public Works and Government Services Canada (PWGSC) as the government's primary procurement service provider offering federal organizations a broad base of procurement solutions such as specialized contracts, standing offers and supply arrangements. The role of PWGSC in this area is to provide timely value-added acquisitions and related common services to Canadians and the federal government.

Performance Summary and Analysis of Program Activity

National Shipbuilding Procurement Strategy

The National Shipbuilding Procurement Strategy (NSPS) continued to be implemented with tremendous success. In 2011, the NSPS Secretariat announced the selection of the two Canadian Shipyards that will build 28 large combat and non-combat vessels. The work is valued at $33B, the largest procurement sourcing arrangement in Canadian history. Following the announcement, long-term umbrella agreements were signed with two shipyards to define the working relationships and the mechanism by which the government will negotiate fair and reasonable individual contracts.

The economic benefits derived from NSPS will not only impact on the selected shipyards but also on industries across Canada. The work will require skill sets from a number of sectors, such as steel manufacturing, information technology and in various fields of research and development (i.e. defence and navigation systems). A number of Canadian small and medium sized enterprises will also profit from the strategy through construction, repair and refit contracts for large and small vessels.

The National Shipbuilding Procurement Strategy provides lessons learned for other major complex, high dollar military and non-military acquisitions. The strategy of early engagement with industry, use of independent third parties to support the decision-making process, and the insertion of a strong governance structure to oversee key decisions is now being applied to other major procurements.

Military Procurement

The Department continued to lead the government's work to improve military procurement efficiencies, in particular for the Fixed Wing Search and Rescue Aircraft Replacement (FWSAR) project. Building on the success of the NSPS, a Secretariat and an Oversight Committee comprised of representatives from PWGSC, Department of National Defense (DND) and Industry Canada (IC) was established and a Fairness Monitor was engaged to ensure that all activities are conducted in a fair, open and transparent manner. In addition, feedback was sought from the Canadian and Aerospace industry on the best approach to deliver the FWSAR capability.

Work also continues to address the Government's 2011 Budget commitment to develop a military procurement strategy.

Assisting Small and Medium Enterprises

The Office of Small and Medium Sized Enterprises (OSME) continued to assist Canadian businesses across Canada in navigating the government procurement process. Steps were taken to increase awareness of barriers faced by suppliers and to broker solutions between the major stakeholders to eliminate these barriers. Through consultation and cooperation, the OSME also played a key role in supporting the National Goods and Services Strategy. The results derived from the consultations led to the development of a number of procurement strategies that addressed various access barriers outlined by SMEs in the clothing and textiles sector, the communications industry, and the professional services sector.

2011-12 was also the second year of the Canadian Innovation Commercialization Program (CICP) that helps Canadian businesses demonstrate their innovative products and services by meeting the various needs identified by federal departments and agencies. Through the program, the Department received 710 proposals and were able to pre-qualify 64 innovations from 62 Canadian companies.

Client Service Strategy

The Acquisitions Program has implemented a first set of procurement specific standards, which complemented a number of other measures the Program is pursuing within the overall departmental client services framework. As part of these measures 10 Departmental Service Agreements (DSAs) and 138 Memoranda of Understanding (MOUs) were signed for fiscal year 2011-12 with client departments and agencies.

Streamlining Procurement

PWGSC continued to reduce barriers to doing business with the government with the release of a number of easy-to-use procurement instruments. New processes and definitions were also put in place for basic and standard procurements. These processes will enable clients to identify various methods of supply and assess the risks associated with the procurement, providing them with necessary information to choose the best available purchasing option.

In addition, a number of "National Procurement Strategies for Goods and Services" were developed for the purchase of selected goods and services such as clothing and textiles. Several of these strategies have been approved for publishing on MERX (electronic-tendering service). The publishing or posting of National Procurement Strategies for Goods and Services will provide opportunities to consult suppliers and gauge to a degree marketplace interest and capacity.

Progress was also made on the Digital Procurement Strategy, which is essential to modernize the procurement process and to replace aging IT solutions.

A number of initiatives were carried out during the year to modify existing instruments and to add new tools to the department's virtual suite of tools and services. For example, the Buyandsell.gc.ca website is now serving 2,000 visitors every day with over 300,000 pages viewed per month and the Buyandsell.gc.ca/green was introduced to connect buyers and suppliers with the tools and tips they need to understand how to buy and sell green goods and services. Client departments and agencies were also provided with better access to automated solutions for basic and standard procurements through a single e-portal.

The Department also completed work to increase the quality and quantity of information residing on the Standing Offer Index (SOI). Simplified and standardized templates, as well as Quick Reference Guides, were also created for approximately 7,000 standing offers and Supply Arrangements. Standing Offer and Supply Arrangement Data was fed to the Buyandsell.gc.ca. web site and made available to the public with a pre-qualified supplier data file.

The department continued to work with client departments and agencies to encourage the use of contracting delegations and the strengthening of the procurement activity within client organizations, the latter through the on-going dissemination of information, training and consultation. The department's success in implementing this initiative is reflected in the consistent reduction in low dollar value transactions which fell by 1,814 transactions (originals and amendments), 15.7% lower than the 2008-09 baseline, allowing the Program to reduce workload, re-direct more resources and expertise to complex procurement activities, and increase value-added services to client departments and agencies.

Lessons Learned

A common thread, which flows through all the program activities, is early engagement of industry and client departments and agencies. Engagement is key to ensuring that PWGSC is on the right track in eliminating barriers to government procurement for Small and Medium Size Enterprises (SMEs); in the development of tools and services to enhance the participation of client departments and agencies in the procurement activity and in the exercise of their delegations; in the management and planning of large dollar, complex and high risk procurements for military and non-military goods and services, and in the development of procurement strategies and initiatives in support of innovation.

Early engagement reduces risks, enables better long-term planning and results in a more efficient procurement process that enshrines the principles of fairness, openness and transparency. It is critical that engagement of the different stakeholders is accomplished early and is sustained throughout the process, if efficient and effective government procurement is to be achieved and best value to the Crown obtained.

The National Ship Building Procurement Strategy (NSPS) owes much of its success to engaging industry early in the process, in addition to client departments, and other third parties. Historically this was not always the case: consultation included clients but rarely suppliers or third party expertise. What NSPS has taught the Acquisitions Program is that suppliers have valuable ideas about how to efficiently supply Government with what it needs, while input from those who are knowledgeable or expert, but do not have a stake in the process, can bring valuable advice to the table and act as a catalyst for innovation and change.

The NSPS model provides for a sound governance structure that allows for real business choices to be made by client departments and procurement staff with direct input from suppliers. This model which was put in place to manage the largest procurement sourcing arrangement in Canadian history also includes the use of independent third parties to support the decision making process.

The NSPS has been nominated for a number of awards and will now be used as a best practice for large, complex military and non-military procurements in order to minimize risk, improve the efficiency of procurement processes, and gain cooperation and support from all stakeholders.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	300.4	343.1	345.4
Less Respendable Revenue	(153.8)	(182.2)	(187.6)
Net Expenditures	146.6	160.9	157.8

Note: Operating Budget:

Actual net expenditures were $5M lower than total authorities for the Operating Budget. The variance is mainly due to a reduction in the anticipated delivery in the Canadian Innovation Commercialization Program.

Optional Services Revolving Fund:

Actual revenue were $5.4M higher than total authorities mainly due to the introduction of 6 new vaccine programs. The actual net expenditures were $2M higher than total authorities for the Optional Services Revolving Fund due to the timing difference between accounts payables and accounts receivables at the end of the fiscal year. The Revolving Fund purchased vaccine late in fiscal year 2011-12, but only received payments from provinces and territories early in 2012-13.

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	2,115	2,016	(99)

Note: The reduction in Full Time Equivalents (FTE) is partly the result of the sunsetting of the Accelerated Infrastructure Program (AIP); the implementation of a number of fiscal restraint initiatives to adjust the Department's resource utilization level to better reflect current economic conditions, and the retirements and transfers of personnel, leading to the abolition of vacant positions and the subsequent adjustment to the FTE base.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
A fair, open and transparent procurement process that provides best value to Canadians, delivered effectively and efficiently to the satisfaction of Departments, Clients	Use of PWGSC procurement instruments by federal departments and agencies.	10% increase	20% increase. Reported usage of PWGSC procurement instruments by client departments totaled $2.08B in calendar year 2011.
	Proportion of contracts awarded competitively.	above 70%	75.5% of the contractual volume was awarded through competitive processes.

Expected Results	Performance Indicators	Targets	Actual Results
and Suppliers.	Cost per $100 Acquisitions Branch Business Volume.	below $.70	Total cost per $100 Acquisitions Branch Business Volume was $0.81. Acquisitions Branch Business Volumes were $1.5B lower in 2011-12 compared to 2010-11 resulting in a relative increase in the cost per $100 awarded.
	Overall level of client satisfaction of federal organizations.	10% improvement	45% improvement over the 2009 baseline results.*
* Note: Based on 2009 baseline results of 51%.			

Program Activity No. 2: Accommodation and Real Property Services

PWGSC provides federal departments and agencies with safe, healthy and affordable office and common use accommodation that support the effective delivery of their programs and services. The department acts as steward for various public works such as buildings, bridges and dams, and national treasures such as the Parliamentary Precinct and other heritage assets across Canada. PWGSC also provides other federal departments and agencies with responsive and cost-effective real property services.

Performance Summary and Analysis of Program Activity

Workplace 2.0

In 2011-12, as stewards for federal real property assets, PWGSC made significant progress on a number of fronts. Leading the Workplace 2.0 initiative, which is a Government of Canada-wide enterprise to renew the physical workspace, as well as modernize systems and processes while taking advantage of new collaborative technologies, PWGSC continued to modernize federal workspaces to be smarter, greener and provide better value to taxpayers by applying innovative work environment solutions. Demonstration sites have been set-up, gender-based analysis completed, and a toolkit developed to support the implementation of this initiative.

Real Property Business and Systems Transformation

PWGSC has made advancements on the Real Property Business and Systems Transformation Project (RPBST). A contract has been awarded for the project definition phase of RPBST, and the department carried out consultations and outreach with other government departments while providing proof of concept workshops and presentations.

Accountability

PWGSC also developed and implemented a governance and accountability framework for the 2007 sale and lease-back initiative. The framework ensures the achievement of the initiative's objectives, including the ongoing management of operating costs and value for money, on behalf of Canadian taxpayers.

Leveraging the Private Sector

Using a business model that reflects a more strategic approach to service delivery, we developed a national strategy for procuring the next generation of Alternative Forms of Delivery (AFD) contracts to further leverage private sector expertise, capacity and agility.

Major Projects

This past year also saw construction advance for three new buildings in Gatineau and one new building in Ottawa. This will achieve an Ottawa-Gatineau National Capital Area (NCA) accommodation ratio of 75:25 by 2013. Construction also continued on RCMP Headquarters buildings in Dartmouth, Nova Scotia and Surrey, British Columbia. The department moved forward with its commitment to deliver the five-year (2011-12 to 2015-16), $320-million rehabilitation program for the department's public infrastructure assets (Engineering Assets Strategy). Work continued on the Des Allumettes Bridge, the Burlington Lift Bridge, the Latchford Dam and three interprovincial bridges in the NCA. The Alaska Highway also received improvements near Fort Nelson, British Columbia.

Client Service Strategy

In its efforts to enhance its relationships with clients, partners and other stakeholders, PWGSC successfully negotiated the signing of 10 Departmental Service Agreements (DSA) as well as initiated the process of completing 20 more DSA's by 2013. Real Property Branch is a key player in these agreements whether for office accommodation, optional services or both. The Branch has had the lead role in several agreements. Development of a project management reporting framework enabled us to measure newly approved service standards for the Project Management and the National Project Management System. Moreover, PWGSC developed and implemented an action plan to improve clients' satisfaction for Major Crown Projects over $30 million and developed competency tools for Client Relationship Management in support of a culture of client service excellence. The competency tools demonstrate the department's commitment to promoting modern Corporate Real Estate skills development using a strategic integrated human resources plan.

Sydney Tar Ponds and Coke Ovens Remediation

In 2011-12, the Sydney Tar Ponds and Coke Ovens Remediation Project progressed successfully, remaining on time, on scope and on budget. Phase I, South Tar Pond, and Phase II, North Tar Pond channel construction and solidification and stabilization, were completed on time. Phase III, North Tar Pond, activities began as planned and remain on schedule to be completed in the 2013-14 construction year. A Community Liaison Committee acts as a bridge between the project and the local community keeping the public informed.

Parliamentary Precinct

Throughout 2011-12, the Long Term Vision and Plan for the rehabilitation of buildings in the Parliamentary Precinct was on-time and on-budget. The following list identifies major achievements by building. Links to individual building web pages are provided for more details.

- **West Block** – heritage component (copper roof, ironwork, masonry) of the North Towers was completed, and approximately 70% of interior demolition and abatement work was completed – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/ouest-west/eo-wb-eng.html;
- **Wellington Building** – approximately 80% of interior demolition, abatement and seismic work was completed and interior construction was started – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/mod-wellington-eng.html;

- **Former Bank of Montreal Building** (re-named the Sir John A. Macdonald Building on January 11, 2012) – concept design was approved – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/mod-sjam-eng.html;
- **East Block** – construction work on the Northwest Tower was started and scaffold commissioning and interior hoarding were completed – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/est-east/rtno-nwtr-eng.html;
- **Centre Block** – design work continued for recapitalization of the ventilation towers and the east and west pavilions and an investigation was completed, identifying building components (i.e. walls, windows and roofs) in need of immediate attention – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/centre/mod-dfccntr-cntrblck-eng.html;
- **Confederation Building** – the window stabilization project was completed, and 60% of the domestic water system upgrade was completed – http://www.collineduparlement-parliamenthill.gc.ca/batir-building/mod-confederation-eng.html; and
- **Federal Court Annex** – the deconstruction of the building was completed and landscaping was started.

Lessons Learned

In 2011-12, PWGSC built on the success of the Economic Action Plan (EAP). The department has employed many of the business practices that were used for the delivery of EAP. By creating and maintaining a strong national team, including representatives from all branches and regions, the department has been successful in ensuring success in its commitment to provide high quality services. Through EAP, the department was able to demonstrate the value of nationally coordinated project planning across government at the departmental level. For this reason, a Program Coordination Office was created to support the delivery of the Correctional Service Canada five-year program of work.

Other best-in-class practices that were adopted this year include the development of a number of procedures to administer increases in the operating costs of leased facilities; the engagement of the regions in the implementation and pilot of a monitoring program to evaluate effectiveness; and, the development of guidance documents relating to personal plants and managing animals in the workplace.

The completion of the rehabilitation of the West Block's South East and North Towers masonry has provided important lessons learned. Specifically, the completion of these towers has resulted in a more comprehensive understanding of the potential conditions of the remainder of the West Block's masonry and the resulting required repairs. This has enabled more effective preparation and planning for the remaining heritage masonry restoration.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	4,343.6	4,835.9	4,591.9
Less Respendable Revenue	(2,440.5)	(2,781.6)	(2,628.3)
Net Expenditures	1,903.1	2,054.3	1,963.6

Note: Real Property: Actual net expenditures were lower than total authorities by $88.3 million.

The $67.6 million variance related to the appropriation component of the real property budget is mainly due to the uncontrollable and unpredictable nature of the real property activities such as the fluctuations in the price of commodities and consumption of utilities; volatility of the real estate market, weather conditions and revised project delivery schedules.

As for the remaining $20.7 million variance, a significant portion can be explained by the fact that the Real Property Services Revolving Fund (the Fund) $10M year-end deficit authority was not used. Also, in 2011-12 more external accounts receivables than anticipated were collected creating a surplus on a cash basis. Actual revenue were $153M lower than total authorities mainly due to the deferral of projects to future years by client departments.

Sydney Tar Ponds: Actual expenditures were lower than total authorities by $2.4M mainly due to contract and tendering issues, which resulted in some work being moved to the 2012-13 fiscal year. Overall, this project will come in ahead of schedule, and under budget.

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	3,824	3,756	(68)

Note: In 2011-12, in response to fiscal restraint initiatives, PWGSC reduced its planned FTEs for the Parliamentary Precinct.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Accommodation and Real Property Services			
Federal organizations have safe, healthy and affordable accommodation and facilities that support the effective delivery of their programs and services.	More efficient use of space as measured by m^2 per person.	less than 19 m^2 per person	19 m^2
	Percentage of recapitalization budget spent.	80%	96.4%*
	Percentage of vacant marketable Crown-owned office inventory (Marketable vacancy rate).	less than 5%	3%
	Real Property Services Revolving Fund costs recovered.	100%	99.93%
Federal organizations receive responsive and cost-effective real property services in support of the effective delivery of their programs and services.	Percentage of Real Property projects > $1 million that are on-time, on-scope, on-budget.	90%	97%

* Note: The percentage of recapitalization budget spent tracks PWGSC's success in planning the projects and spending the funds needed to ensure proper upkeep of its real property portfolio. A higher percentage indicates strong stewardship in this area.

Program Activity No. 3: Receiver General for Canada

This program activity manages the operations of the federal treasury and maintains the Accounts of Canada. It provides federal departments with an optional financial management system, bill payments services and document imaging.

Performance Summary and Analysis of Program Activity

Operational Excellence

PWGSC carried out mission critical functions by: managing the operations of the federal treasury through the issuance and settlement of more than 302 million payments and the collection of revenue for all government departments, amounting to over $2.25 trillion in cash flow; maintaining the Accounts of Canada; producing the government's Monthly Statements of Financial Operations; and, preparing the annual Public Accounts of Canada.

For the thirteenth consecutive year, the Government received an unmodified opinion from the Auditor General of Canada on its financial statements. This year the audit of the Public Accounts was successfully conducted using the new Canadian Audit Standards which required changes to the production processes. In addition, the Common Departmental Financial System (CDFS) Alignment Project activities progressed considerably, with the completion of the design, build and testing activities related to the three new modules, namely: Asset Management, Materiel Management and Salary Management. Upon completion of the implementation (May 2012), CDFS Cluster member departments and agencies will be provided with an enhanced departmental financial and materiel management system which meets their legislated and other financial management requirements.

In September 2011, the Banking and Cash Management Sector Payments Newsletter was introduced to ensure that all departments and agencies are engaged with respect to changes planned to the treasury operations and systems of the government.

Enhancing Security

Following the review of the security architecture supporting the Receiver General (RG) systems, the RG has started the implementation of a solution to strengthen the security of data transfer.

PWGSC continued to pursue the development of a new Electronic Authorization and Authentication (EAA) solution. Work is expected to continue in the next fiscal year with respect to the design and integration of all components.

Assessing Global Trends

Throughout 2011-12, ongoing meetings were held with members of the financial services community, provinces, Central Agencies and Financial Crown Corporations where existing services were discussed. Multiple reports were prepared or obtained enabling us to assess developing trends in global banking and cash management (i.e., pre-paid cards, Near Field Communications and other wireless technologies, etc.).

PWGSC developed an assessment of its banking services to align with banking industry and IT trends. We also continued to work with a number of departments to develop a new foreign banking approach.

Streamlining Operations

PWGSC completed the second year of a four-year initiative to streamline and automate the Receiver General's redemption, settlement and reconciliation business processes. As of March 31, 2012, 40% of targeted business processes had been reviewed and a more streamlined business process identified.

Following the recommendation of the Office of the Auditor General, in 2011-12, PWGSC closed 20 of the 23 Departmental Bank Accounts established for the issuance of paper cheques hand-written by federal departments. The remaining 3 accounts are scheduled to be closed next fiscal year.

Lessons Learned

The Common Departmental Financial System Alignment Project is on time and within budget and scope for release to production in May 2012. Key contributing factors to this successful major system enhancement include well defined project governance with our IT and departmental partners, and clearly defined and documented business requirements.

PWGSC built stronger ties with Foreign Affairs and International Trade Canada, Human Resources and Skills Development Canada, and Citizenship and Immigration Canada to develop an enhanced foreign banking service which will better meet their interests and those of their clients.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	143.5	162.3	159.7
Less Respendable Revenue	(14.9)	(36.6)	(36.6)
Net Expenditures	128.6	125.7	123.1
Note: Actual expenditures were lower than total authorities mainly due to efficiencies as a result of higher than anticipated enrolment in direct deposit, delays in staffing and change in schedule for system initiatives roll out.			

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	437	427	(10)

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Timely and efficient issuance of all government payments, provision of deposit detail reports, and central accounting reports.	Average unit cost per payments.	$0.32 by March 31, 2012	$0.30
	Percentage of Receiver General payments issued within established timeframes.	99.99% by March 31, 2012	99.94% Of the 302 million payments issued in 2011-12, incidents involving 193,685 payments were reported.
	Public Accounts of Canada posted on the web within 24 hours of tabling in Parliament.	100% by December 31, 2011	100%

Program Activity No. 4: Information Technology Infrastructure Services

This program activity provides leadership in supporting government-wide Information Technology (IT) initiatives. It works closely with client federal organizations to understand and respond to their IT requirements, while delivering secure IT services and solutions. It includes the brokering, developing and/or managing of products and services for distributed computing environments, data centres, telecommunications and IT security.

Performance Summary and Analysis of Program Activity

Effective August 4, 2011, Shared Services Canada (SSC) was created, pursuant to s. 31.1 of the *Financial Administration Act* and Order-in-Council P.C. Number: 2011-0877. SSC's mandate is to standardize and consolidate information technology services in the federal government in order to reduce costs, improve services, and leverage capacity in the public and private sectors through pooled resources and greater buying power.

As a result, Public Works and Government Services Canada (PWGSC) transferred to SSC the accountability of operational domains related to IT Shared Services (ITSS) for email, data centres and network services, including telecommunications for voice and data along with the associated funding.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	449.6	115.1	114.5
Less Respendable Revenue	(424.8)	(106.8)	(106.8)
Net Expenditures	24.8	8.3	7.7
Note: Actual expenditures were lower than total authorities mainly due to the services being transferred to Shared Services Canada. The variance between Planned Spending and Total Authorities is mainly due to the establishment of Shared Services Canada, announced by the Government of Canada in August 2011, and the resulting transfer of resources.			

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual
Full-Time Equivalents (FTEs)	1,055	1,109
Note: Deemed to Shared Services Canada.		

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Federal organizations have access to reliable and innovative services for their programs through four lines of business (Telecommunications, Data Centre Services, IT Security and Distributed Computing Services).	Percentage of service levels met in terms of operational availability for four lines of business.	95% by March 31, 2011	The average percentage of service levels met for four lines of business for the reporting period April 1, 2011 to July 31, 2011 was 99.38%.*
Support key Government of Canada programs by hosting applications, managing storage and providing Web services to federal departments and agencies.	Percentage availability of IT systems critical to government operations and programs for Canadians and public servants (i.e. Receiver General, Canada Pension Plan (CPP), Old Age Security (OAS), Pension and Pay Cheque printing).	99% by March 31, 2011	The average percentage of availability of IT systems critical to government operations and programs for the reporting period April 1, 2011 to July 31, 2011 was 99.83%.*
Enterprise-wide telecommunications solutions are provided by supporting Canadian government operations at home and abroad.	Access to the full range of commercially-available telecommunications services.	99% by March 31, 2011	The average percentage of access to the full range of commercially available telecommunications services for the reporting period April 1, 2011 to July 31, 2011 was 100%.*
* Note: Performance is tracked only to July 2011. These functions became the responsibility of Shared Services Canada as of August 2011.			

Program Activity No. 5: Federal Pay and Pension Administration

This program activity provides reliable central systems and processes for pay and pension administration to other federal organizations. Through our pay and pension services, PWGSC ensures that federal government employees and pensioners are paid accurately and on time.

Performance Summary and Analysis of Program Activity

In 2011-12, PWGSC implemented 91 collective agreements and updated the pay system as a result of 24 policy changes and 6 insurance rate changes, all within the legislated timeframes. Over the course of the fiscal year, we continued to execute key transformation initiatives to evolve and modernize our operations, while successfully ensuring reliable and stable operations.

Transformation of Pension Administration

In 2011-12, PWGSC implemented the core pension system (Penfax) in two separate releases. We also started to assume maintenance responsibilities for the newly-delivered components of the pension system.

The centralization of pension services was also completed in November 2011. Twelve pension services which were formerly provided by departments are now being delivered by the Public Service Pension Centre in Shediac, N.B. Through all stages of a public service employee's life, members now have direct access to a single source of pension expertise by contacting the Pension Centre.

PWGSC continued project activities for the migration of the RCMP pension administration to PWGSC, using the new system implemented by the Pension Modernization Project. Key project deliverables such as the implementation strategy, scope and assumptions, requirements management strategy, and communications alignment strategy were developed and reviewed during the fiscal year. In addition, the design of the pension solution for the RCMP was initiated and is progressing according to the schedule.

PWGSC is proceeding with the migration of the Canadian Forces pension plan administration (for both Regular and Reserve Forces). Start-up activities began in March 2012.

Transformation of Pay Administration

PWGSC awarded a contract for the configuration and implementation of the new PeopleSoft Payroll system as well as for business transformation activities. Key project deliverables such as the business requirements and fit-gap assessment, concept of operations, business transformation strategy, deployment strategy, application architecture and infrastructure assessment have been completed. In addition, the infrastructure platform was defined in collaboration with Shared Services Canada.

For the consolidation of pay services, the transfer schedule of departments was approved by Governor-in-Council. One hundred and thirty-five (135) employees were hired and started training in March 2012 in the new Public Service Pay Centre located in Miramichi, N.B.

Lessons Learned

Following the implementation of the core pension software, a review of the Pension Modernization Project identified lessons learned. This contributed to an improved methodology that resulted in a significant reduction of initial implementation deficiencies.

The successful completion of the Centralization of Pension Services Project was a result of the ongoing engagement of key stakeholders.

The Pay Modernization Project identified that sound project planning with a defined scope, accountabilities and established outcomes is key to ensure that deliverables are met. In addition, upfront investment in a post implementation team is critical to support business transformation.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	172.2	176.2	173.3
Less Respendable Revenue	(104.5)	(105.6)	(105.6)
Net Expenditures	67.7	70.6	67.7
Note: Actual expenditures were lower than total authorities mainly due to delays in staffing for the Public Service Pay Centre in Miramichi, N.B. In addition, delays in project deliverables resulted in project components being moved to the next fiscal year in the Pay Modernization Project.			

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	1,480	1,151	(329)
Note: The difference between planned and actual FTEs is mainly due to delays in staffing for the Public Service Pay Centre in Miramichi, N.B., and to a reduction in FTEs in the Public Service Pension Centre as a result of the Transformation of Pension Administration Initiative.			

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Employees and retirees are paid accurately and on time through reliable and efficient central systems and processes.	Percentage of pay and pension (PSSA and CFSA) transactions actioned within established timeframes.	95.5% by March 31, 2012	81.7% The major contributing factor to our target not being met was operational delays due to pension transformation activities.
	PWGSC cost per account to administer pay for all Government of Canada employees.	<= $114 by March 31, 2012	$105 We have exceeded our target due, in part, to lower costs in application support and a lower reduction in the number of employees (volume of pay accounts remained high).
	Government of Canada-wide cost per account to administer pension.	<=$162 by March 31, 2012	$150

Program Activity No. 6: Linguistic Management and Services

This program activity shows the Translation Bureau as the manager of the government's terminology and linguistic authority mandated with the development, standardization and distribution of Terminology. It also ensures that there is a sustainable, qualified and secure supply of linguistic resources available to support any linguistic requirements of the government and to support Canada's economic and social agenda. Translation Bureau is the sole internal linguistic services provider offering federal organizations a broad base of linguistic solutions

such as translation, interpretation and terminology. The program is mandated under the *Translation Bureau Act*.

Performance Summary and Analysis of Program Activity

PWGSC's Translation Bureau helps the government communicate high-quality and timely information to Canadians in both official languages and in over 100 Aboriginal and foreign languages so that all citizens, regardless of their cultural background or language, may access programs and services provided by the federal government.

Providing top-quality linguistic services

In 2011-12, the Translation Bureau provided translation and interpretation services at all hours of the day for the 1,505 parliamentary sittings and parliamentary committee and subcommittee meetings. It worked closely with the House of Commons and the Senate to better meet their needs.

The Bureau also translated over 1.5 million pages for other departments and agencies, including the Prime Minister's Office and the judiciary, such as the G8 and G20 summits and the redesign of the travel report Web site for Foreign Affairs and International Trade. In order for the Bureau to maintain a close relationship with its clients and provide quality service, 75 translators work on-site with their client and 589 translators are dedicated to specific clients.

In order to strengthen its partnerships with federal departments and agencies, the Translation Bureau visited its 20 biggest clients to earn their loyalty and to better understand their expectations. Consultations were also held with a view to simplifying the number of service agreements with clients, which helped get the go-ahead to enter into five year master agreements with these clients.

Maximizing investments in language technologies

As a language solutions partner, the Translation Bureau launched the toolkit initiative, which provides its employees with a wealth of innovative tools to facilitate their work and save time and to enable them to deliver better-quality services to benefit their clients.

The first concrete results stemming from this initiative took the form of tools for the translators, which helped the Bureau achieve productivity gains: the Bitext Search engine (English-French) connected to a mega-corpus and the Portage machine translation tool. A pilot project was conducted in early 2012 on the software named the Analyser, which makes the preprocessing of texts to be translated faster.

Enhancing Canada's language sector

As indicated by PricewaterhouseCoopers LLP in its recent study entitled "Translation Bureau Benchmarking and Comparative Analysis" (2012), the Translation Bureau plays a leading role in the Canadian language sector. In order to enhance the capacity of the language sector and support the development of a skilled workforce, the Bureau continued to manage the Canadian Language Sector Enhancement Program, which it had been assigned in the Roadmap for Canada's Linguistic Duality 2008-13: Acting for the Future. As part of the Program, the Bureau signed 16 contribution agreements totaling $18 million over 5 years for 7 projects related to the University Scholarship Translation component and 9 projects under the Language Industry Initiative component.

In 2011-12, the Bureau paid a little over $5 million in contribution: approximately $2 million for 1,002 translation scholarships and approximately $3 million in contributions for the projects of the Language Industry Initiative component helped improve the profile of the industry, promote the various language professions, provide 125 internships to translation students in industry businesses and fund innovation projects.

Broadening Canada's wealth of linguistic and terminological knowledge

As the terminology authority within the federal government, the Bureau worked to standardize terminology within the federal government and demonstrate the collective wealth of Canada's terminology and linguistic knowledge. In addition, the Bureau continued to co-ordinate or participate in 37 federal, national and international terminology or standardization networks or committees.

As part of the Roadmap for Canada's Linguistic Duality, the Bureau also continued to manage and add content to the Language Portal of Canada. In 2011-12, a little less than 600 new items (e.g. articles, features and games) were added to the Portal along with a new writing tool. The number of items on the Portal now totals 1,521, and users have access to 1,813 hyperlinks to all kinds of linguistic Web sites and resources. The Portal has continued to gain popularity: from 2010-11 to 2011-12, the average number of pages accessed by Portal users increased from 197,000 to 300,100 per month, which represents an increase of a little more than 52%.

Lessons Learned

The Translation Bureau is facing a number of challenges: adjustments in demand on the part of client departments, and rapid technological changes, which may greatly change how language professions are practiced. The Bureau must support client departments and agencies while working on its own transformation process.

Over the next fiscal year, the Bureau will have to implement a transformation initiative to modernize the organization and create a solid foundation for the future. This initiative will help ensure the financial sustainability of the organization while focusing on streamlining processes, increasing productivity—mainly with the help of language technologies—and making better use of materiel and human resources throughout the organization.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	299.2	284.2	270.1
Less Respendable Revenue	(222.0)	(205.8)	(196.0)
Net Expenditures	77.2	78.4	74.1

Note: Actual net expenditures were lower than total authorities by $4.3 million due mainly to the following:

1) The revolving fund utilized $0.4 million less than the authorized deficit. Actual revenue were lower by $9.8M in comparison with total authorities mainly due to a decrease in business volume for translation and interpretation services. Investments were reduced or cancelled in line with decreased revenue projections following fiscal restraints measures across the government, to reduce total expenditures. Actual deficit includes $5.2 million of immediate severance payments for ratified groups;
2) The Special Purpose Allotment utilized $3.7 million less than what was authorized. This was mainly due to unsuccessful staffing processes, the 2011 Federal Elections and closed-door committees that do not require translation (approximately 35% of 2011-12 committees). Consequently, expenditures were lower than anticipated.

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	1,810	1,598	(212)
Note: Due to reduced demand from departments, the Translation Bureau saw its business volume shrink significantly in 2011-12. As a result, the Bureau had to introduce initiatives to reduce expenses, specifically by limiting hiring, not replacing departing employees (attrition) and terminating the contracts of 17 term employees.			

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
The Government of Canada is able to operate and communicate with Canadians in both official languages through quality, cost effective and responsive linguistic services.	Percentage of clients satisfied with translation services.	Over 85%	84%
	Percentage of documents translated within the time allotted by Parliament.	Over 95%	94%
	Percentage of agreed upon deadlines met for translation services delivered to the federal organizations.	Over 90%	95%
	Total cost for linguistic services/total hours billed.	$90 per billed hour	$88.46 per billed hour

Program Activity No. 7: Specialized Programs and Services

This program activity provides federal organizations with high quality, timely and accessible specialized services and programs to federal institutions in support of sound, prudent and ethical management and operations.

Performance Summary and Analysis of Program Activity

Forensic Accounting

The Department continued to provide high quality and timely forensic accounting services to law enforcement agencies and prosecution services across Canada on criminal investigations with financial components in various areas of criminal activity. In 2011-12, departmental forensic accountants provided direct assistance on criminal investigations across Canada, and testified as expert witnesses in court proceedings. The support, services and expert forensic accounting advice provided by the organization was instrumental in assisting in a number of successful plea bargains or prosecutions in criminal cases.

Industrial Security

PWGSC recognizes that security remains a priority for the government, industry and Canadians. In support of that objective, PWGSC enhanced its industrial security services by developing a departmental *Compliance and Enforcement Policy*, implementing a Controlled Goods Enhanced Security Strategy (ESS) and continuing to work closely with clients, partners and various stakeholders for the delivery of its industrial security services.

PWGSC has consulted with government and industry stakeholders to implement the first phase of the ESS to meet the requirements of the new International Traffic in Arms Regulations (ITAR) dual national rule and Canada's own threat assessments. The first phase of the Strategy was put in place and provides the foundation for implementing the necessary enhancements over a three-year period. An Exchange of Letters was signed with the United States Department of State that addresses both the new ITAR rule and Canadian privacy and human rights legislation.

PWGSC has played a crucial role through its International Industrial Security Program to ensure that sensitive Canadian information in support of foreign contracts is protected outside Canada. Its long-standing membership and involvement within the international security community continues to preserve the trust and credibility of Canada abroad.

PWGSC continues to be a key player in preserving Canadian industries opportunities to compete for international contracts requiring access to classified information and in expanding the market for Canadian industry. We currently have 14 international industrial security bilateral instruments. Given the inherent complexity of contracting today, PWGSC also plays a role in overseeing the day-to-day workings of security requirements in large projects involving multinational supply chains between contractors across the globe, such as Canada's Electronic Passport (ePassport) initiative.

Shared Services for Small Departments and Agencies

Another of our major accomplishments was the successful conclusion of an innovative, transformational jointly initiated project – the Shared Financial System and Services project for Small Departments and Agencies (SDAs). PWGSC worked with the Community of Federal Agencies (CFA), and 40 SDAs to create a strong, common framework for standardized financial management and comptrollership practices that link policy goals and performance targets set for the organizations, within the context of clear cut accountabilities. The outstanding success of the project was recognized by the Certified Management Accountants of Canada (CMA Canada) and the United Kingdom based Chartered Institute of Public Finance and Accountancy (CIPFA). The project was one of four finalists for the 2012 Award of Excellence for Comptrollership in the Public Sector. The awards are given to a federal public servant or team that has made a significant contribution to financial management or comptrollership within the Government of Canada.

Greening of Government Operations

In 2011-12, PWGSC's Office of Greening Government Operations assessed the government-wide uptake of the guidance it produced to help departments meet and report on the 11 Federal Sustainable Development Strategy (FSDS) Theme IV targets. This work is laying the groundwork for reducing energy use, GHG emissions, waste, and water consumption in new and existing buildings owned/leased by the FSDS departments.

In the area of greenhouse gas emissions reductions, PWGSC produced guidance for measuring and reporting on emissions from federal operations based on international best practices. As a result, departments have reported their base year emissions using a standardized approach and will be reporting their departmental emissions on an annual basis as part of their Departmental Performance Reports.

All departments have begun to implement strategies to meet various targets to green their offices. This is resulting in substantial reductions in the number of printing units and paper used by office employees, improvement in departments' management of their electronic waste, greater attention to minimizing the environmental impact of meetings and greening the procurement of key goods and services.

Lessons Learned

PWGSC recognized the need to effectively engage and consult all of our government and industry stakeholders in developing policy and program changes and to maintain awareness of national and international trends and developments (i.e. technological, economic, military, international and national security). We understand the importance of information exchanges and engagement on best practices with the private sector, government departments and agencies, and international partners.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	144.5	151.8	121.1
Less Respendable Revenue	(91.3)	(91.2)	(63.8)
Net Expenditures	53.2	60.6	57.3

Note: Expenditures for the Ministers Regional Offices ($3.6 million) have been moved from Internal Services to align the expenditures with the related authorities reported under Specialized Programs and Services.

Actual revenue and net expenditures were lower than total authorities (by $27.4M and $3.3M respectively) due to reduced business volume following the wind down of Consulting Canada and Audit Services Canada due to fiscal restraint, and the availability of such services from the private sector.

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	886	602	(284)

Note: (ISB) The variance between Planned and Actual FTEs is primarily due to the following:

- The wind down of the Government Consulting Services (GCS) sector (approximately 150 FTEs) and Government of Canada Exhibitions Program (GCEP) (19 FTEs);
- The transfer of the Industrial Security Program (ISP) and all of its employees to the Departmental Oversight Branch (DOB) (approximately 230 FTEs);
- The transfer of Business Planning and Management Services (BPMS) employees from the Integrated Services Branch (ISB) to DOB (10 FTEs); and
- Staffing delays as a result of the department's slow down in recruiting stemming from the impacts of the various budget reduction exercises – this figure accounts for the remaining balance of employees.

(DOB) In 2011, PWGSC underwent organizational changes. Audit Services Canada was wound down as a result of fiscal restraint, and the availability of such services from the private sector. In addition, the Industrial Security Sector and the Corporate Security Directorate were transferred in to DOB and the Risk Management Directorate transferred out to Corporate Services and Strategic Policy Branch. The Operational Integrity Sector contains programs that were part of the Office of the Chief Risk Officer.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Federal organizations have access to quality services to improve the management, delivery and safeguarding of selected government operations and/or assets while minimizing their impact on the environment.	Percentage of costs recovered.	100%	Forensic Accounting Management Group: 107% Industrial Security Sector: 100%.
	Percentage of simple reliability screenings processed within 7 working days.	80%	At 83%, PWGSC exceeded the targeted level of performance by streamlining and strengthening efforts resulting in improved service delivery.
	Percentage of new companies (individuals) registered in the Controlled Goods Program within 45 calendar days.	80%	62.6%. Target was not met due to resource shortages.

Expected Results	Performance Indicators	Targets	Actual Results
Federal Cabinet Ministers and their officials receive secure accommodations and services support through Ministers' Regional Offices located across Canada, enabling them to conduct Government of Canada business outside of the National Capital Region.	Average number of clients served annually per MRO.	1,000	1,473

Program Activity No. 8: Procurement Ombudsman

This program activity, operating at an arms length from the departments and agencies: reviews procurement practices across federal departments and agencies; investigates complaints from potential suppliers with respect to awards of contracts for goods and services below certain thresholds, and complaints concerning the administration of contracts; and ensures the provision of an alternative dispute resolution program for contracts. This activity helps to promote fairness, openness and transparency of the procurement process.

Performance Summary and Analysis of Program Activity

The Office of the Procurement Ombudsman's (OPO/the Office) Annual Report for 2011-12 provides Parliamentarians and Canadians with information on the mandate and objectives of the Office as well as the results of its work during the 2011-12 fiscal year.

OPO developed a strategic approach based upon three pillars: Educate, Facilitate and Investigate. These three interrelated pillars provide the foundation for how the Office fulfills its mandate. The pillars focus on promoting information sharing to foster a greater understanding of procurement, building effective relationships to help resolve issues, and analyzing procurement practices to promote continuous improvement in federal procurement.

OPO's business model is to deal with complaints in a neutral and independent manner by listening to supplier concerns, giving departments opportunities to provide feedback, and facilitating dialogue between parties to resolve issues in a timely and cost-effective manner. This collaborative process has been well-received and had positive results.

OPO offered professional Alternative Dispute Resolution (ADR) services to suppliers and departments upon request, as well as informal facilitation services geared toward pro-actively stimulating dialogue, finding solutions and avoiding the potentially lengthy and costly legal process whenever possible. In 2011-12, the Office received a total of five (5) requests for ADR processes and dealt with them in accordance with the *Procurement Ombudsman Regulations*.

OPO completed five (5) investigations in 2011-12, focusing on complaints by Canadian companies regarding the award of contracts for goods below $25,000 or services below $100,000. Issues identified through these investigations included the importance of sharing information with suppliers throughout the procurement process, and ensuring that bids are assessed in a clear and consistent manner.

The Office reviewed procurement practices of departments with the objective of reporting the facts and making practical recommendations in support of the fairness, openness and transparency of federal procurement. Three (3) Procurement Practice Reviews were completed in 2011-12, focusing on: (i) the extent to which the Public Service Online contracting vehicle was used by selected departments and managed according to relevant policies and procedures; (ii) whether departments that participated in previous reviews assessed OPO recommendations, developed action plans and implemented changes to improve their procurement practices; and (iii) whether policy and procedural requirements were adhered to in the use of Advanced Contract Award Notices (ACAN). All three reports are posted on the OPO web site.

OPO continued to implement its Outreach and Awareness Plan. Through research and discussions with suppliers, associations, the federal procurement community and external organizations, OPO gathered information on key procurement-related issues of our stakeholders, for example: the quality of file documentation, obstacles to doing business with the federal government, and training for procurement specialists and program managers.

Lessons Learned

In 2011-12, the Office undertook three initiatives to continue to strengthen its operations.

The OPO completed a review of closed complaint files received since the Office opened in 2008 to ensure all cases had been dealt with in accordance with the regulatory parameters that guide the Office's operations. The results show each case was disposed of appropriately, confirming the Office's operating procedures are aligned with the regulatory parameters.

The Office also initiated a process to refine the protocol for selecting topics for procurement practice reviews. In addition, the Office began revising the methodology used to conduct procurement practice reviews. Progress has been made on the protocol and methodology, and these will ensure the Office produces high quality, timely reports.

Finally, the Office launched an independent evaluation of its first three years of operations. The evaluation will assess OPO's performance and how the Office is executing its responsibilities. The results will identify areas for improvement, which will guide any necessary adjustments to improve the Office's service delivery.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	4.3	4.3	3.7
Less Respendable Revenue	-	-	-
Net Expenditures	4.3	4.3	3.7
Note: Actual expenditures were lower than total authorities mainly due to delays in staffing, projects and initiatives.			

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	28	28	0

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Canadians have increased confidence in federal procurement practices.	Percentage of suppliers whose confidence in federal procurement has increased.	90% by March 31, 2012	OPO is in the final stages of conducting its formative evaluation, which indirectly addresses the performance indicators. OPO will revise and update its performance indicators to better measure its activities for reporting in the 2012-13 DPR.
	Percentages of Procurement Officials who recognize that OPO's efforts have resulted in an increase in procurement community professionalism (training, tools, knowledge of best practices).	90% by March 31, 2012	OPO is in the final stages of conducting its formative evaluation, which indirectly addresses the performance indicators. OPO will revise and update its performance indicators to better measure its activities for reporting in the 2012-13 DPR.
	Percentage of senior officials and parliamentarians attesting to the usefulness of the Procurement Ombudsman Report to Parliament in helping them arrive at a meaningful assessment of the performance of the federal procurement process.	90% by March 31, 2012	OPO is in the final stages of conducting its formative evaluation, which indirectly addresses the performance indicators. OPO will revise and update its performance indicators to better measure its activities for reporting in the 2012-13 DPR.

Program Activity No. 9: Internal Services

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program, such as human resources, information technologies, finance and corporate services.

Performance Summary and Analysis of Program Activity

Financial Transformation and Stewardship

During a time of fiscal restraint, PWGSC demonstrated strong leadership and oversight role in its financial transformation. The Department contributed to the achievement of the Government's agenda by delivering on the following activities in 2011-12:

- Met all objectives related to fiscal restraint;
- Implementation of Budget Management Excellence;
- Implementation of the Treasury Board (TB) approved Cost Recovery Framework;
- Implementation of the TB approved Integrated Investment Plan;
- Implementation of the Three-Year Operational and Financial Plan;
- Progress on PWGSC Financial and Materiel Management System (SIGMA); and
- Progress on the implementation of the Financial Management Framework (FMF).

Responsible Oversight

PWGSC also exercised oversight on a number of key activities. Through its Fairness Monitoring Program the department engaged independent third parties to observe departmental activities and

to render an impartial opinion on the fairness, openness and transparency of the activity. One notable Fairness Monitoring engagement this year involved the National Shipbuilding Procurement Strategy.

The department takes internal disclosure of wrongdoing and the protection of employees against reprisal very seriously. This year, an internal communications plan was developed to convey this message to employees and to support the April 2, 2012, launch of the new Value and Ethics Code for the Public Sector and the PWGSC Code of Conduct.

PWGSC has an internal audit and evaluation capacity that effectively supports the organization's decision-making relative to its programs and services. PWGSC has established a strong governance regime for its internal audit and evaluation function, which produces quality reports. In this year's Treasury Board Secretariat's Management Accountability Framework assessment, PWGSC gained strong ratings on areas of Effectiveness of Internal Audit Function and Quality and Use of Evaluation.

IT Transformation

In 2011-12, PWGSC improved its stewardship of Information Technology functions by leveraging technological change and economies of scale and by developing consolidated plans and strategies to promote the efficient delivery of IM/IT services. Portfolio management was implemented from three dimensions: asset portfolio management, project portfolio management and client portfolio management. The consolidation of PWGSC IM/IT planning resulted in development of a PWGSC enterprise architecture, IM/IT Investment Plan and a PWGSC knowledge and information management strategy, all aimed at more efficiently guiding investment decisions stemming from the Department's evolving business needs.

Through its desktop transformation program, PWGSC is replacing the current tower-based desktop environment with modern notebook architecture, while modernizing support processes, evolving the standardization of assets, and improving services to users. A wireless access solution for Place du Portage has also been developed. The desktop project increases productivity and mobility of employees and standardizes the desktop environment. It also reduces desk-side support costs, consolidates licenses and increases self-service capabilities resulting in a going forward cost reduction of $5.8M/year.

A risk based Enterprise Information Management Strategy was developed which covers all domains of information management and will ensure that the right information is available at the right time to support sound decision making processes. This risk based approach recognizes the complexity and the magnitude of the undertaking and sets priority activities over the next 3 years that will allow the department to meet its Information Management and record keeping obligations in a context of ongoing fiscal pressure.

Renewing our Workforce

Throughout a period of expenditure reduction, PWGSC has demonstrated leadership in public service renewal, and made significant advances in official languages and maintained full representation of all employment equity groups. With the support of an efficient, entrenched integrated HR planning process, coupled with the recognized leadership of the current management teams, measures related to fiscal restraint were successfully completed.

Much effort went into maintaining sufficient HR capacity so that the Department could continue to demonstrate management excellence and the delivery of outstanding client service. Pursuing activities as part of the Client Service Strategy, transferring knowledge, designing specific learning programs, developing customized training material and continually delivering professional development and leadership activities have gone a long way toward maintaining this capacity.

As a result of all the large-scale department-wide initiatives affecting all aspects of HR management and the sustained efforts of the management teams supporting them, PWGSC was recognized as one of the National Capital Region's top employers and one of the country's best diversity employers in 2011-12. The Department earned these prestigious awards in an annual competition designed to recognize the employers that lead their industries in offering exceptional places to work.

Lessons Learned

PWGSC will continue to draw on the quality of its internal audits and evaluation reports to support timely decision-making in the management of its programs and services.

Information Technology and Information Management are key enabling functions aimed at helping all PWGSC organizations to more efficiently meet their goals and objectives. The year 2011-12 has been a time of change and growth in the management of IT in PWGSC.

This year's efforts underscored the challenges and benefits of rationalizing and consolidating IT assets at hardware, software, and organizational levels. Rationalizing physical assets, like computing devices and printers, and consolidating organizational IM/IT responsibilities across the department demonstrated the need for close client engagement at all levels. The benefits include increased functionality, operational cost savings; economies of scale and optimized IT investments.

Given current budget realities, PWGSC must employ innovative strategies to workforce management to ensure it retains the skills needed to carry out its mandate as the Government of Canada's primary common service provider. PWGSC will continue to focus on maximizing workforce flexibility through various resourcing methods in order to cope with financial pressures while minimizing disruption on its staff.

2011-12 Financial Resources (in millions of dollars)

	Planned Spending	Total Authorities	Actual Spending
Gross Expenditures	429.4	538.5	514.1
Less Respendable Revenue	(117.6)	(175.6)	(175.6)
Net Expenditures	311.8	362.9	338.5
Note: Actual expenditures were lower than total authorities in the various Internal Services organizations mainly due to deferral of staffing and projects, efficiencies realized and lower than planned use of consulting services.			

Totals may not add up due to rounding

2011-12 Human Resources (FTEs)

	Planned	Actual	Difference
Full-Time Equivalents (FTEs)	2,609	2,651	42
Note: The planned FTEs for Internal Services as reported in the 2011-12 RPP omitted certain functions, most notably the communications sector. Adjusting for this error, the Actuals noted above as of March 31, 2012 represent a de facto decrease of 92 FTEs over the reporting period.			

Changes to Government Structure

Impacts on Financial and Human Resources Resulting from the Establishment of Shared Services Canada

2011-12 Financial Resources ($ millions)

	Planned Spending	Total Authorities*
Net transfer post Orders in Council (OIC)** to Shared Services Canada (SSC)	N/A	32.1

* Pursuant to section 31.1 of the Financial Administration Act and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, this amount was deemed to have been appropriated to SSC, which resulted in a reduction in the appropriation for PWGSC.

** Total authorities, as presented in the "2011-12 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.

2011-12 Human Resources

	Planned	Actual
Deemed to SSC	1,055	1,109

Section III: Supplementary Information

Financial Highlights

The tables below present a condensed and consolidated view of PWGSC's 2011-12 Statement of Financial Position and its Statement of Operations and Departmental Net Financial Position. These unaudited statements were prepared in accordance with Treasury Board Accounting Standards, which are based on Canadian Generally Accepted Accounting Principles for the public sector.

It should be noted that the *2011-12 Departmental Performance Report* contains financial information based on approved authorities from the *Estimates* and results from the *Public Accounts of Canada*. Financial reporting of authorities provided to PWGSC does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized and results presented in the Consolidated Departmental Financial Statements may differ from those presented in the Departmental Performance Report. These results are reconciled in Note 3 of the Consolidated Departmental Financial Statements, which may be found on PWGSC's web site at: http://www.tpsgc-pwgsc.gc.ca/rapports-reports/rmr-dpr/index-eng.html.

Condensed Consolidated Statement of Financial Position (Unaudited)
At March 31, 2012

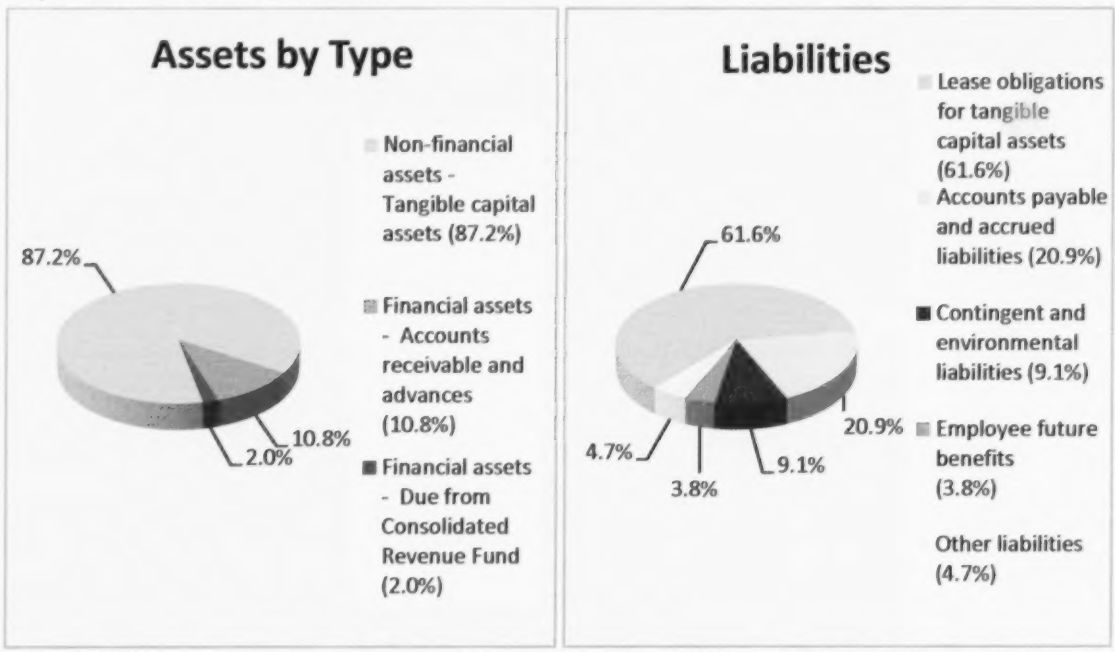
(in millions of dollars)	% Change	2011-12	2010-11** (restated)
Total net liabilities	(4.7%)	3,695.9	3,880.1
Total net financial assets	(15.8%)	804.3	954.9
Departmental net debt	**(1.1%)**	**2,891.6**	**2,925.2**
Total non-financial assets	4.5%	5,487.0	5,252.2
Departmental net financial position	**11.5%**	**2,595.4**	**2,327.0**

*** The 2010-11 figures have been restated to conform to the requirements of the new 2011-12 Treasury Board Accounting Standard 1.2.*

Condensed Consolidated Statement of Operations and Departmental Net Financial Position (Unaudited) For the year ended March 31, 2012			
(in millions of dollars)	% Change	2011-12	2010-11** (restated)
Total expenses*	(6.0%)	5,305.1	5,646.7
Total revenues*	(10.2%)	2,775.8	3,090.4
Net cost of operations before government funding and transfers	**(1.1%)**	**2,529.2**	**2,556.3**
Government funding and transfers	(9.8%)	2,797.7	3,102.5
Net operating result after government funding and transfers	**(50.9%)**	**268.5**	**546.3**
Departmental net financial position – Beginning of year		**2,327.0**	**1,780.7**
Departmental net financial position – End of year	**11.5%**	**2,595.4**	**2,327.0**

** Includes revenues and expenses related to "Transferred and discontinued operations".*
*** The 2010-11 figures have been restated to conform to the requirements of the new 2011-12 Treasury Board Accounting Standard 1.2.*

Departmental Financial Position



The major items presented in the Consolidated Statement of Financial Position are as follows:

1) Non-financial assets of $5,487 million constitute 87.2% of total assets (84.6% in 2010-11). Of the non-financial assets, 99.8% are tangible capital assets.

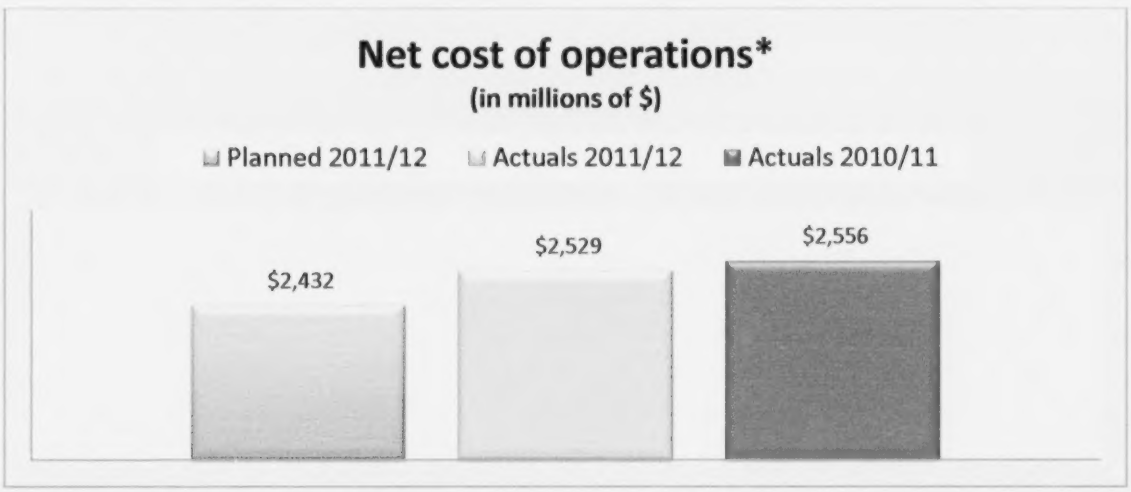
2) The Department's liabilities of $3,695.9 million are mainly comprised of 61.6% (58.7% in 2010-11) of lease obligations for tangible capital assets, as well as 20.9% (22.2% in 2010-11) of accounts payable and accrued liabilities.

3) The Department's net debt represents the excess of the Department's liabilities over the financial assets required to discharge the existing departmental liabilities. Departmental net debt has decreased by 1.1% (2011-12: $2,891.6 million; 2010-11: $2,925.2 million) as at March 31, 2012 compared to 2010-11. This is primarily due to two factors:

- The decrease in severance allowance due to the elimination of employee severance accumulation as well as the payout of severance entitlements. These changes are the result of the new terms of recently negotiated collective agreements; and
- Lower payables than the previous fiscal year due to the transferred and discontinued activities.

4) The increase of 4.5% in non-financial assets has positively influenced the Department's net financial position which has increased by 11.5% compared to the previous year (2011-12: $2,595 million; 2010-11: $2,327 million). This is mostly due to the capitalization of assets under construction projects, such as the British Columbia Royal Canadian Mounted Police "E" Division facility and the Parliamentary precinct buildings rehabilitation.

Departmental Operational Position



** Includes revenues and expenses related to "Transferred and discontinued operations".*

1) The decrease of $27 million (2011-12: $2,529 million; 2010-11: $2,556 million) in the net cost of operations compared to the previous fiscal year is mainly due to:

   - A decrease in expenses due to the completion of the Economic Action Plan at the beginning of the fiscal year for investments in infrastructure.
   - Offset by the cost of information technology services provided to PWGSC by Shared Services Canada (SSC). The budget for these services will be transferred to SSC starting in fiscal year 2013.

2) The 2011-12 net cost of operations for an amount of $2,529 million, is $97 million or 3.9% higher than the $2,432 million of planned results established in PWGSC's 2011-12 Consolidated Future-Oriented Financial Statements. The variance is mainly attributable to subsequent changes in the Department's operations and environment resulting in a significant impact on the planned results, such as the cost of information technology services provided to PWGSC by Shared Services Canada (SSC). The budget for these services will be transferred to SSC starting in fiscal year 2013.

3) In general, expenses and revenues are similar to the previous fiscal year, except for variances which are explained by the activities in 1) above. Major elements of the Statement of Operations for 2011-12, are in line with PWGSC's core activities including $1.2 billion in salaries and employee benefits, $920 million in rentals, $787 million in repairs and maintenance as well as $779 million in professional and special services. Major revenues were mainly generated by the sales of goods and information products at $1.3 billion, and from rental services at close to $0.9 billion.

Net Cost of Operations vs Net Spending

Reporting of financial authorities, which is primarily based on cash flow requirements, does not reflect reporting of the net cost of operations, which is on an accrual basis. Both results are reconciled in Note 3 of the Consolidated Departmental Financial Statements. The difference in the types of reporting may be summarized and explained as follows:

** Excludes non-budgetary authority related to Seized Property Management Act.*

1) Acquisition of Capital Assets of $641.3 million are funded through parliamentary authorities. However, only the value of their annual amortization expense is captured in the net cost of operations. Their full value is presented in the Consolidated Statement of Financial Position.

2) Management Estimates and Obligations of $377 million are mainly related to:

   - An amount of $472.2 million for the amortization expense of tangible capital assets which does not require the use of funds; and
   - Partially offset by an amount of $156.2 million of payments on capital leases which requires the use of funds and reduces liabilities.

List of Supplementary Information Tables

Electronic supplementary information tables listed in the 2011-12 Departmental Performance Report can be found on the Public Works and Government Services Canada website[1]:

- Details on Transfer Payment Programs
- Greening Government Operations
- Horizontal Initiatives
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Major Crown/Transformation Projects
- Status Report on Projects Operating with specific Treasury Board Approval
- User Fees Reporting

Section IV: Other Items of Interest

Organizational Contact Information

General Inquiries

For more information on programs and services of Public Works and Government Services Canada, please communicate with:

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ATTN: General Enquiry Website: http://www.tpsgc-pwgsc.gc.ca/comm/index-eng.html

E-mail – General Inquiries: questions@tpsgc-pwgsc.gc.ca

Toll-free number for hearing-impaired person: 1-800-926-9105

The URL for the Public Accounts of Canada 2012:
http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html

[1] http://www.tpsgc-pwgsc.gc.ca/rapports-reports/rmr-dpr/2011-2012/index-eng.html